



Memorandum

TO: EXECUTIVE COMMITTEE

FROM: Kerry Adams Hapner

SUBJECT: Evaluation of Creative
Industries Incentive Fund

DATE: May 2, 2014

Approved

Date

RECOMMENDATION

Accept the report on the evaluation of the Creative Industries Incentive Fund.

BACKGROUND

On November 14, 2012, the Arts Commission approved the guidelines for the Creative Industries Incentive Fund (CIIF), a two-year pilot program that aims to catalyze San Jose's creative industries and arts-based commercial businesses involved in the production or distribution of the arts. After two rounds of grant awards, an evaluation of the pilot has been conducted, which will inform the program going forward.

Project-based support is awarded to San Jose-based businesses through a competitive application process that includes a peer review panel. Projects supported through this program are aimed at growth and economic sustainability. Incentives can be provided for creative industries of all types such as manufacturers, service providers, presenters, and designers, among others.

The CIIF was implemented as a recommendation of *Cultural Connection: San Jose's Cultural Plan for 2011-2020* as detailed in Strategic Goal 8: Enhance Support for Creative Entrepreneurs and the Commercial Creative Sector. One of the long-term recommendations is to facilitate access to funding for start-up and expansion of creative businesses.

The development of CIIF was informed by a variety of outreach efforts to garner stakeholder feedback:

- Meetings with Office of Economic Development Business Development and work2future staff that serve small and start-up businesses;
- Meetings with local creative entrepreneurs;
- Feedback from the Arts Commission October 2012 retreat;

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- A scan of national best practices and meetings with other local art agencies and grantmakers;
- Feedback from participants of the *Platform: Building Networks to Catalyze Creative Urban Culture* convening held on September 14, 2012; and
- Key learnings from the Creative Capacity Fund, OCA-funded grants for artists administered through the Center for Cultural Innovation (CCI).

CIIF funds were granted to CCI, a 501(c)3, for management of the regranting agreement and fund administration. Two funding cycles were offered: \$20,000 was allocated for the initial round for FY 2012-13, and \$20,000 for Round 2 in FY 2013-14. A total of 12 awards were made.

CIIF – Round 1 Awards

Selected from a total of 19 eligible applications received from a variety of San Jose independent arts-based businesses, the following five awards were granted:

- 1) Two Fish Design (Visual Art, Design & Multi-disciplinary Arts): \$5,000
Project: Produce Village Savant, a printed resource guide of independent creative retailers and spaces.
- 2) Content Magazine (Multimedia, Art/Publication): \$5,000
Project: Implement a direct mailing campaign in conjunction with local arts organizations.
- 3) Empire Seven Studios (Visual Art): \$5,000
Project: Create a storefront to gallery.
- 4) San Jose Stock (Art/Merchandise): \$2,500
Project: Expand product line of San Jose themed art/merchandise.
- 5) Interactive Cine Parlors, Inc. (Film/Media): \$2,500
Project: File patent application for interactive cinema parlors.

CIIF – Round 2 Awards

Selected from a total of nine eligible applications received from a variety of San Jose independent arts-based businesses, the following seven awards were granted:

- 1) Future Arts Now! (Multi-disciplinary Arts & Arts Education): \$2,175.
Project: A comprehensive marketing campaign aimed at increasing local awareness of their brand and upcoming programs.
- 2) Moveable Feast Concert Series (Music): \$3,000.
Project: Moveable Feast Concert Series.
- 3) Mayberry Workshop/Die Hard Co. (Design, Apparel): \$4,000.
Project: Design and production of new apparel for San Jose and Bay Area sports fans.
- 4) C2SV (Music/Media): \$3,000
Project: Launch of the C2SV Creative Convergence Conference 2014 event, including a presentation deck, three-minute video reel and redesigned website.
- 5) Caffè Frascatti (Music): \$3,300
Project: Purchase of a replacement sound system for performers.
- 6) The Sign Artist (Visual Art/Design): \$3,000
Project: Purchase of a new plotter and software upgrades to stabilize the business.
- 7) Universal Grammar (Music): \$1,525
Project: Launch of Universal Grammar's first full-scale website, universal-grammar.com.

ANALYSIS

A logic model was developed as a tool for checking alignment of the CIIF purpose and goals with survey results, evaluation from program staff, and feedback from stakeholders.

CIIF Logic Model

Assumptions

1. City support for start-up and expansion of creative businesses will 1) contribute to the cultural vibrancy in San Jose, 2) promote a positive San Jose image or brand, and 3) demonstrate an economic impact and/or generate jobs in San Jose.
2. Providing a pilot funding program will enhance support for San Jose's commercial creative sector.

Inputs/Resources

1. The CIIF is a key recommendation of the Creative Entrepreneur Project and *Cultural Connection*.
2. The CIIF was informed by and developed in consideration of a variety of outreach efforts and stakeholder feedback.
3. OCA and CCI staff administer and conduct outreach about the CIIF. The fund and contracts are centrally managed by CCI.
4. OCA staff time, effort and knowledge are tapped for planning, implementation and evaluation of the CIIF.
5. Stakeholder time is provided in promoting, reviewing, and evaluating the CIIF to connect to the needs of applicants.
6. Financial resources for grants, peer review honoraria, and administration are provided in the amount of \$46,700.

Short-Term Outcomes

1. San Jose arts-based businesses have a new opportunity for funding support and incentive to implement projects to grow or stabilize their businesses.
2. City has increased knowledge of project and business needs of the local commercial creative sector.

Medium-Term Outcomes

1. San Jose arts-based businesses become better able to grow or sustain their businesses.
2. City funding support for San Jose arts-based businesses leverages support and resources from other funders.
3. City can share learning about the needs of arts-based businesses with other agencies interested in exploring their own models of support for the creative sector.

Long-Term Outcomes

1. The City of San Jose provides meaningful support for the commercial creative sector.
2. Providers are more responsive to the needs of San Jose arts-based businesses.
3. Increased cultural vibrancy in San Jose.
4. Demonstrated economic impact and generation of jobs in the San Jose.

Evaluation Survey

An online survey¹ was sent to 23 individuals who applied for CIIF Round 1 and Round 2. A total of 29 applications were received, with a few businesses resubmitting in Round 2 or submitting two applications in Round 1.

- 48% response rate (11 submitted responses)
- 60% of survey respondents received CIIF awards
- 40% of survey respondents did not receive CIIF awards

Survey Findings Aligned with CIIF Logic Model Outcomes

The results of the evaluation survey are tied to the logic model outcomes, with response rates positioned as findings as appropriate.

Short-Term Outcome #1: San Jose arts-based businesses have a new opportunity for funding support and incentive to implement projects to grow or stabilize their businesses.

Medium-Term Outcome #1: San Jose arts-based businesses become better able to grow or sustain their businesses.

Long-Term Outcome #1: The City of San Jose provides meaningful support for the commercial creative sector.

Findings

- 100% of grantees (60% of survey respondents) said the CIIF award contributed to the capacity and/or economic sustainability of their businesses.
- 100% of grantees (60% of survey respondents) said that the amount of the CIIF award received had a meaningful impact on their creative businesses.

The following respondents said the CIIF award:

67% -- contributed credibility/validity to the enterprise

50% -- created financial relief or "breathing room"

33% -- increased exposure/visibility

17% -- supported the ability to execute business projects

33% -- generally added value or improved business

17% -- increased ability to leverage other funding support

Assumption #1: City support for start-up and expansion of creative businesses will 1) contribute to the cultural vibrancy in San Jose, 2) promote a positive San Jose image or brand, and 3) demonstrate an economic impact and/or generate jobs in San Jose.

Long-Term Outcome #3: Increased cultural vibrancy in San Jose.

Long-Term Outcome #4: Demonstrated economic impact and generation of jobs in the San Jose.

Findings

- 100% of grantees (60% of survey respondents) said the CIIF award contributed to their creative business' contribution to the cultural vibrancy in San Jose and/or promotion of a positive San Jose image or brand.

¹ To respect the anonymity of survey respondents, the survey is not included as some responses include specific names of applicants and projects.

- 72% of grantees (43% of survey respondents) said the CIIF award contributed to the economic impact and/or generation of jobs in San Jose.

Short-Term Outcome #2: City has increased knowledge of project and business needs of the local commercial creative sector.

Long-Term Outcome #2: Providers are more responsive to the needs of San Jose arts-based businesses.

Findings

- 86% of survey respondents who applied in CIIF Round 1 and did not receive an award, did not reapply in Round 2. When asked why not, responses included:
“Needed to find the right project to submit.”
“Because it is exhausting.”
“We did receive a CIIF award during the first grant cycle. We held back on a few ideas thinking we could always apply the next year. Unfortunately it was announced after the first round that recipients of grants could not apply in consecutive years.”
- When asked to rate the CIIF application and grant proposal in terms of ease/difficulty to complete and submit: 44% rated it “Easy,” 33% said “Neutral,” and 22% said “Difficult.”

Comments from Survey Respondents

- “The grant amount we received for our project was enough to reduce some of the financial burden off of us. That alone makes the CIIF award of great value. We would like to see both the number of grants and the amounts increase in the future so they might have a greater impact on the culture they aim to serve.”
- “I feel the program is a great start to provide seed money for creative businesses that do not hold a non-profit status.”
- “Grants are definitely not easy as someone who hopes to make an impact to a panel of judges and really show your vision in writing is a difficult task that we take very seriously.”
- “We are not grant writers, we are artist and gallery owners.”
- “We are so appreciative for the opportunity.”
- “I’d also like to see the grant encourage the creative industry to affect change for the culture they aim to serve. I think it’s great to pay for a business to print their own promotional materials like business cards, but it has much less impact on a community than a project that promotes its entire culture.”
- “I also believe (\$25,000) for the CIIF award pool per year is going to have a small impact. It’s more of a band-aid than a catalyst. It’s definitely a step in the right direction, but the culture is growing faster than this and the time to invest in it is now.”
- “The project was predicted to cost more since the beginning. The grant reassured execution.”
- “Our project was geared to leverage a living, breathing social network . . . everyone that walks into one of our collective independent creative businesses. There’s an assumed like-mindedness and by us all sharing in the effort to promote each other, we’re consciously supporting a subculture economy. CIIF award enabled us to continue this effort.”

As the CIIF projects have either just completed with final reports due in June (Round 1) or are still in implementation (Round 2), key indicators will be factored into further evaluation of the program. The final reports will include the following:

- Number of artists employed or local artist services or goods engaged in the project
- Number of project stakeholders (attendees, participants, users, etc.) who identify the business or awarded project as increasing the cultural vibrancy of San Jose
- Number of jobs created
- Revenue generated by awarded projects as reported by grantees

Next Steps

A medium-term outcome that applies to both the CIIF award recipients and the program itself is "City funding support for San Jose arts-based businesses leverages support and resources from other funders." The CIIF program model has been shared by the City and CCI at both local and national convenings of arts funders and administrators, and has garnered interest from other funding agencies. As a result, the CIIF has been awarded funding support of \$50,000 from the Surdna Foundation in partnership with CCI. The funding, which will begin in FY 2014-15, is for a three-year term, scaled down each year with the intent that other investors will be identified and replace the Surdna Foundation funding. City will continue its partnership with CCI to further implement the CIIF and other recommendations of *Cultural Connection* and the Creative Entrepreneur Project. A FY 2014-15 CIIF round is recommended in the amount of \$40,000, with \$20,000 coming from the City and \$20,000 from the Surdna Foundation.

Suggestions for Future Program Design and Implementation

Evaluation from program staff and participants has provided suggestions for program and process improvement. These include 1) offering technical assistance for business proposal writing, 2) development and implementation of a communications plan to strengthen marketing and outreach of the program, and 3) to continue trainings and convenings.

Considerations

- What are possible revisions to improve the current model?
- How can outreach be expanded, and who should be involved?
- Should CIIF cap the number of times a business can apply for and receive a grant?
- Should the award range be revised (currently at \$2,000 to \$5,000)?

PUBLIC OUTREACH

The CIIF guidelines and program were announced at events for San Jose artists and arts-based businesses, disseminated widely through CEP distribution lists, work2future and Business Owner Space partners, San Jose Chamber of Commerce, posted on CCI and Silicon Valley Creates social

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media sites, and on the City website. Participant evaluation survey was distributed to all CIIF applicants. Workshops for potential applicants were provided prior to each submission deadline. Technical assistance for potential applicants has been provided by OCA arts program staff since the onset of the program.

/s/

KERRY ADAMS HAPNER

Director of Cultural Affairs